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March 15, 2006

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station  
Boston, MA 02110

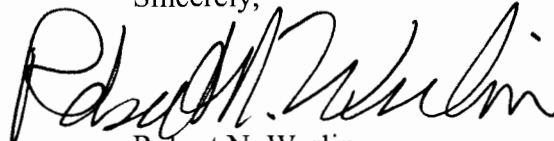
Re: D.T.E. 04-114, Cambridge Electric Light Company and Commonwealth  
Electric Company – 2004 Reconciliation Filing

Dear Secretary Cottrell:

Enclosed for filing in the above-referenced matter are the responses to the Information Requests set forth on the accompanying list.

Thank you for your attention to this matter.

Sincerely,



Robert N. Werlin

Enclosures

cc: Service List

## Responses to Information Requests

DTE-5-1

DTE-5-2

DTE-5-3

DTE-5-4

DTE-5-5

Information Request DTE-5-1

Please refer to the parties' proposed Second Settlement Agreement dated February 24, 2006 at paragraph 2.1. State whether the Companies booked transmission and transmission-related revenues to any account other than account 561-140 during the period of March 1, 1998 through December 31, 2004. If so, (a) identify the account(s) by number, (b) explain where the information can be found in the Companies' previously provided discovery responses and (c) state whether the account(s) is the subject of the proposed settlement agreement.

Response

Please refer to the responses to Information Requests AG-2-8 and AG-2-9 for detail showing where transmission and transmission-related revenues are included in the Transmission Deferral for the period March 1, 1998 through December 31, 2004. There are no outstanding disputes relating to the reconciliation of any transmission accounts other than account 561-140. However, it should be noted that the first Settlement Agreement specifically deferred consideration of the issue of the "costs included in the transmission reconciliation associated with Mirant Kendall" until the 2005 reconciliation proceeding (First Settlement Agreement at ¶ 3.3). These costs are included in account 565-210.

Information Request DTE-5-2

Please refer to the Companies' response to DTE-3-2(b) filed on September 14, 2005.

- (a) Define what the Companies mean by "tariff design inconsistencies."
- (b) For each company, identify and explain in detail all "tariff design inconsistencies" that worked in favor of customers, including but not limited to the dollar figure associated with each inconsistency, during the period of March 1, 1998 through December 31, 2004.
- (c) For each company, identify and explain in detail all "tariff design inconsistencies" that worked against customers, including but not limited to the dollar figure associated with each inconsistency, during the period of March 1, 1998 through December 31, 2004.
- (d) For each company, explain how the formula rate treatment differed from Boston Edison Company's Local Service Schedule and the ISO New England Open Access Transmission Tariff for Regional Network Service, including but not limited to how each difference affected customers and the dollar figure associated with each difference during the period of March 1, 1998 through December 31, 2004.
- (e) For each company, identify in detail all "tariff design inconsistencies" that were not addressed by the revised tariffs filed with FERC on March 29, 2005 and explain why they were not addressed in those tariffs and whether and how those inconsistencies have been resolved for the period of March 1, 1998 through December 31, 2004.

Response

- (a) The "tariff design inconsistencies" phrase refers to the differences in transmission tariffs that have been developed in the past. The Boston Edison Local Network Service tariff ("Boston Edison-LNS") and the ISO-NE Open Access Transmission Tariff ("ISO-OATT") had been developed separately, and were different in structure and format from the Cambridge and Commonwealth LNS tariffs ("Cambridge/Commonwealth-LNS"). Because the different tariff structures and formats were based only on the fact that they had been implemented before the NSTAR merger, there was no compelling reason that they needed to continue to be different. In order to simplify the determination of the annual LNS revenue requirement for

Boston Edison, Cambridge and Commonwealth, Cambridge/Commonwealth-LNS tariffs were rewritten to harmonize the tariff structures and formats. A complete list of the resulting changes to the Cambridge/Commonwealth-LNS was provided in Attachments DTE-3-2(b) and DTE-3-2(c).

- (b) Cambridge and Commonwealth object to responding to this request. The details and impacts of FERC transmission tariffs are beyond the Department's jurisdiction, and therefore responding to this request would not lead to information relevant to this proceeding. Moreover, it would be unduly burdensome to attempt to quantify the effects of each language change related to inconsistencies in tariff language. This effort would require an analysis of the language of every component of the formula rate tariff, and a calculation that would attempt to determine what, if any, impact the difference has on the calculation of the rate. The effects, such as changing from average-year to year-end rate base, can have a ripple effect through the calculation, which would complicate the analysis. Performing these tasks for every language difference for seven years and for two companies, would take months to complete and is not justified, especially since the analysis would have no probative value for any issues under the Department jurisdiction. It should be noted, however, that in the one instance in which the Companies have identified a situation in which certain costs were included in two tariffs, the Companies informed the Attorney General. This instance is quantified in the response to Information Request AG-2-10, Attachment AG-2-10, and became the subject of the dispute that has been resolved by the filing of the Second Settlement Agreement.
- (c) Please refer to the response to Information Request DTE-5-2(b).
- (d) Please refer to the response to Information Request DTE-5-2(b).
- (e) Please refer to the responses to Information Request DTE-5-2(a) and Information Request DTE-5-2(b).

Information Request DTE-5-3

Please refer to the Companies' response to DTE-3-2(c) filed on September 14, 2005.

- (a) Describe the current status of FERC Docket ER05-742-000 and its outcome, if concluded.
- (b) Explain whether and, if so, how FERC Docket ER05-742-000 arose out of the "tariff design inconsistencies" discussed in the Companies' response to DTE-3-2(b).
- (c) Explain whether and, if so, how the "tariff design inconsistencies" discussed in the Companies' response to DTE-3-2(b) will be resolved in the context of FERC Docket ER05-742-000.
- (d) If the "tariff design inconsistencies" discussed in the Companies' response to DTE-3-2(b) are not the subject of FERC Docket ER05-742-000, identify and discuss any FERC proceeding relating to and/or arising out of these "tariff design inconsistencies."

Response

Referencing the response to Information Request DTE-3-2(c):

- (a) The Companies have been in settlement discussions with the Attorney General in FERC Docket ER05-742 for several months and are hopeful that the parties can agree on specific language for the tariffs. However, any formal agreement, and subsequent FERC review and approval remain several months away. Please note that under FERC regulation, changes in the tariff are prospective as of the effective date of June 1, 2005 and do not change the tariffs in effect for during the settlement period.
- (b) As discussed in the response to Information Request DTE-3-2(b), FERC Docket ER05-742 is the direct result of the "tariff design inconsistencies" that the Companies identified. In order to make changes to the FERC LNS tariffs to harmonize them with the Boston Edison LNS tariff and the ISO-NE RNS tariff, the Companies made a filing under Section 205 of the Federal Power Act to change the Cambridge and Commonwealth LNS tariffs beginning on June 1, 2005 and subsequent service years. The case was docketed by FERC as ER05-742.

- (c) Upon final approval by FERC in Docket ER05-742 of Cambridge and Commonwealth new LNS tariffs for effect on June 1, 2005 and thereafter, the tariffs for Cambridge and Commonwealth will be comparable in structure and format as the Boston Edison LNS tariff and the ISO-NE RNS.
- (d) Please refer to the response to Information Request DTE-5-3(c).

Information Request DTE-5-4

Please refer to pages 171 through 181 of the attachments to the Companies' response to DTE-3-2(a) filed on September 14, 2005. Provide these same schedules for the period of March 1, 1998 through December 31, 2002 and complete and detailed documentation of the derivation of the schedules for the period of March 1, 1998 through December 31, 2004, including underlying data in Microsoft Excel format with formulas in cells.

Response

Pages 171 through 181 of Attachment DTE-3-2(a) is a copy of Exhibit NS-4 of the Cambridge and Commonwealth FERC tariff filing docketed as ER05-742. That exhibit compares the revenue requirement under the old Cambridge and Commonwealth tariff to the revenue requirement calculated under the new tariff for 2004. A similar comparison for 2003 was also provided in the attachments filed in response to Information Request AG-2-12. Cambridge and Commonwealth object to providing additional data, for earlier years. The details and impacts of FERC transmission tariffs are beyond the Department's jurisdiction, and therefore responding to this request would not lead to information relevant to this proceeding. Moreover, pursuant to the rule against retroactive ratemaking and the strictures of the filed rate doctrine under the Federal Power Act, the tariffs filed in March 2005 are applied prospectively only. In addition, it would be unduly burdensome to attempt to compile the data requested. Redoing past years with the new tariff would require access to input data and data analysis that cannot be directly extracted from data included in the FERC Form 1. This is especially problematic for the Cambridge tariff, which requires allocated input data for the 13.8 kV portion of the distribution system that is related to transmission. Accordingly, responding to this request is not justified, especially since the analysis would have no probative value for any issues under the Department jurisdiction.



Information Request DTE-5-5

What is the carrying cost on the amount to be returned to customers in 2007 pursuant to the Second Settlement Agreement?

Response

Under the terms of paragraph 2.1.2 of the Second Settlement Agreement, the Companies will “credit customers of Cambridge \$2.512 million and Commonwealth \$6.089 million in setting new retail transmission rates for effect on January 1, 2007, with those amounts to be fully credited between January 1, 2007 and December 31, 2007...”. The amount to be credited to customers is a negotiated amount that was agreed to by the Settling Parties. There are no other amounts to be returned to customers for the period through December 31, 2004, beyond the amounts set forth in the Second Settlement Agreement.